

income tax base, the USA tax proposal provides a limited number of deductions, including net new savings, a family living allowance, higher education expenses, home mortgage interest, charitable contributions, and alimony.

After these deductions are made from gross income, a taxpayer would determine the amount of tax by applying progressive graduated rates to his or her taxable income. Once this calculation is made, which determines the total Federal income tax liability, the taxpayer would then subtract dollar for dollar from the income tax the amount withheld from your salary for the employee share of the Social Security payroll, or FICA tax. In other words, the amount paid in by the employee to the FICA tax, Social Security tax, is credited against income tax. It is credited dollar for dollar.

This payroll tax credit is an essential part of the USA tax system. It would reduce the regressive nature of the present payroll tax. It would reduce the disincentive to hire lower wage workers. This tax credit would be refundable so that if you had more withheld in payroll taxes than you owed in income taxes, as is the case for many people, the difference would be refunded to the taxpayer.

I believe my colleague would find it interesting that roughly 80 percent of Americans today pay more in non-income taxes than they do in income taxes. Payroll taxes make up the vast majority of non-income taxes.

We spend all of our time debating income tax. What that means is we hear from people in higher income groups, but the average American in today's society, 80 percent of Americans, pay more in non-income taxes than they do in income taxes. I hope that part of the debate will begin because it is long overdue.

Therefore, people with earned income, under our proposal, can, in effect, subtract 7.65 percent—the amount of pay withheld for the employee share of the Social Security-Medicare payroll taxes—from the USA tax base before the rates are applied. Thus, a 20 percent tax rate under the USA system is, in effect, equal to a marginal rate of 12.35 percent under today's system after you take into account the payroll tax credit.

Our proposal is often criticized because it has a 40 percent tax bracket. The first thing people ignore is that that is on assumed income. You have a right to deduct your savings before that rate is applied to a tax base. The second thing people overlook is you have to subtract the 7.65 percent from the 40 percent to get our effective tax rate because there is a credit back for the Social Security taxes paid. That is enormously important. If you are in a lower bracket, you would still subtract that.

The payroll tax is a perfect example of why fundamental tax reform is needed. As my colleague from New York, the ranking member of the Finance Committee, Senator MOYNIHAN, has so

frequently and eloquently pointed out, the payroll tax is a very regressive tax. It discourages the hiring of additional workers, especially low-wage workers.

Nobody designed the system that way, of course. The payroll tax started out at a low rate, but that rate has grown considerably over the years. In 1950, the payroll tax was 1.5 percent of wage income. By 1960, it had grown to 3 percent of wage income. In 1970, it had risen to 4.8 percent of wage income. By 1980, it was 6.13 percent. By 1990, it had risen to 7.65 percent, where it remains today.

I repeat, Mr. President, 80 percent of the American people pay in non-income tax more than income tax. Of course, if you included the employer share, all of the percentages would be doubled. To state it another way, from 1960 to 1990, the Social Security tax has gone from 2 percent of our national income, or GNP, to 5 percent of our GNP. By comparison, receipts from individual income taxes have grown only slightly, from 8.1 percent to 8.5 percent over this same 30-year period.

Part of the reason for the increase in the payroll tax is due to fewer workers supporting a growing number of retirees. Another reason is that during the late 1960s and early 1970s the payroll tax working people paid grew considerably to finance large cost of living increases for retirees that were enacted in years of high inflation. Then in the late 1970s and early 1980s, payroll taxes increased again, ostensibly to build up a surplus for the retirement of the baby boomers. Unfortunately, as Senator MOYNIHAN has also pointed out, that is not what the surpluses are actually being used for. These surpluses are being used to finance Government spending and to mask the true size of the annual Federal deficit.

So we now find ourselves with a combined employer-employee payroll tax rate of 15.3 percent—a very high rate that adds significantly to the cost of labor. We set up a system for one purpose—to provide income security in retirement—that is actually hurting working people in ways that I am sure were never intended.

Our proposal does not abolish the payroll tax. It does not affect the operation of the Social Security System in any way. What it does attempt to do is to offset the negative, unintended, effects of the payroll tax by crediting the payroll tax against an individual or business's tax liability under the USA tax. Employees get a credit for their FICA tax against their individual income tax. Employers get a credit for their share against the business tax. So the same amount of revenue will continue to be deposited in the Social Security trust fund. But the payroll tax will now be integrated into the income tax in a way that offsets its regressive nature.

I know many tax reform proponents are now agreeing with the underlying wisdom of our payroll tax credit. The Kemp Tax Commission, led by the small business elements, recognized this fact and called for a payroll tax

deduction in its recommendations. This deduction is a step in the right direction, a tax credit is a far better solution. I am hopeful that as others begin looking at components of sustainable tax reform they will reach a similar conclusion about the necessity of payroll tax credits.

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

TRIBUTE TO SENATOR WILLIAM S. COHEN

Mr. BYRD. Mr. President, the State of Maine shares with my own beloved State of West Virginia a common character, a self-reliance born of long struggle with stony fields, harsh weather, and rich natural treasures that defy easy capture. As West Virginia coal miners daily confront the dangers below ground, battling to bring out the black compressed energy created eons and eons ago, the fishermen of Maine venture forth over the tempestuous seas to wrestle a living from the cold waters of the Atlantic. Farmers in both States work sloping fields of thin soils studded with loose rock to bring home their harvests. And emerging industries in both States must overcome the isolation of locations somewhat outside the main avenues of commerce. From these challenges comes a certain independence of judgment, and a mindset that addresses the merits of each decision before taking action.

The senior Senator from Maine exemplifies this independence of judgment. On January 3, 1979, WILLIAM S. COHEN became the 1,725th Member sworn in as a United States Senator. He joined the Senate after serving in the House of Representatives for three terms. Prior to his service in Congress, he had been a lawyer and member of the city council in Bangor, ME.

During his 18 years as a Senator from Maine, Senator COHEN's thoughtful, reasoned, and soft-spoken approach to policymaking has earned the respect and admiration of his colleagues. As a member, chairman, or subcommittee chairman on the Special Committee on Aging, the Armed Services Committee, the Governmental Affairs Committee, and the Select Committee on Intelligence, Senator COHEN has influenced a broad range of issues affecting our Nation. Always, he has attempted to keep the legislative process moving by being open to compromise and negotiation. He has been a key player in attempts to forge a bipartisan consensus on a number of difficult issues, from health care to missile defense programs. And he has always exercised his own judgment, relying on his own study and reflection rather than on party rhetoric, before taking action. He has been willing to cross party lines on contentious issues despite great pressure.

Himself a poet and author of eight books of fiction and history, Senator COHEN knows that it is as hard to accurately recount history and to draw lessons from it, as it is to create a complete and consistent fictitious history, which he does so well in his novels. His ability to draw upon the lessons of history and the possibilities of fiction is reflected in the diverse references from his reading that are found in his witty and pointed questions and statements.

One of Senator COHEN'S books, "Men of Zeal," coauthored in a bipartisan effort with his former colleague from Maine, Senate Majority Leader George Mitchell, looked at the sorry Iran-Contra affair from the perspective of a man who played a critical role in upholding ethical standards in Government. Senator COHEN served on the special committee that investigated that scandal. A Republican Party member who held to a higher standard than party in order to keep the executive branch in check, as the Founding Fathers intended, Senator COHEN demonstrated the ethical toughness that has always been his most noteworthy and laudable characteristic.

Even before the Iran-Contra scandal, while a member of the Judiciary Committee in the House of Representatives in 1974, Senator Bill Cohen voted to bring impeachment charges against a Republican President. Later, he helped to create the independent counsel law, providing for special prosecutors to investigate Executive Branch wrongdoing. He worked to reauthorize the independent counsel law in 1992 and 1993, over the objections of some of the Members in his own party. Most recently, he joined with Senator LEVIN to sponsor the lobby disclosure and gift ban bill that was passed in the last session of this Congress. This effort was also marked by bipartisan negotiation and compromise that allowed the legislation to move forward.

Mr. President, Senator William Cohen has enriched the Senate with his presence here. Like his former colleague, Senator Mitchell, he brought to this floor and to these committee rooms some of the best that Maine has to offer the Nation—a willingness to work hard, to make tough and principled decisions, and a willingness to seek a common ground to serve the common good. And to that, he added his own unflappable good nature and his ability to see through partisan politics to the central policy compromise that could bring two embattled sides together. Having only just turned 56 this past August 28, he is someone about whom I can feel confident in predicting that his retirement from the Senate is only a prelude to future endeavors in new fields. Therefore, while I congratulate him for his work in the Senate, and thank him on behalf of the Senate and those of us who have been and are his colleagues in the Senate, I also wish for him and his new bride great happiness and success in the future.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WYDEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WYDEN. I thank the Chair.

ACCESS TO PATIENT INFORMATION

Mr. WYDEN. Mr. President, I rise to take just a few moments to talk a bit about the gag clause that involves the right of patients across this country to know all the information about their medical condition and the treatments that are appropriate and ought to be made available. I wish to discuss it in the context of the pipeline safety bill.

In the beginning, I particularly wish to thank the bipartisan leadership of Senator DASCHLE and Senator LOTT who have worked closely with us on this also, the continued bipartisan effort of Senators KENNEDY and KYL who, in particular, have worked very hard to try to address this legislation in a responsible way and to demonstrate the bipartisan spirit of this effort. It really all began with Dr. GANSKE of Iowa and Congressman ED MARKEY on the House side, where both pursued this effort in a bipartisan way. Senators LOTT and DASCHLE, KYL, KENNEDY, and I and others have spent several days working to reach an agreement with respect to the legislation that I originally sought to offer several weeks ago with respect to the patient's right to know. These negotiations have been lengthy, they certainly have been difficult, and they are not yet concluded.

Because there has been much good faith on the part of a number of Members on both sides of the aisle, on both the Democratic and Republican side of the aisle, I think it is fair to say that we have made a considerable amount of progress, and I want to make it very clear to the Senate I intend to keep up this fight throughout the session because it is so fundamentally important that the patients of this country in the fastest growing sector of American health care, the health management organization sector, have all the information they need in order to make choices about their health care.

I do think it is important to say tonight that I do not think it is appropriate to withhold any longer a vote on the pipeline safety bill as these negotiations go forward. The pipeline safety bill, in my view, is a good bill. It is an important bill. It, too, has bipartisan support as a result of a great deal of effort, and I would like to put in a special word for the efforts of Senator EXON, of Nebraska, who has labored for a long time on this measure. He is, of course, retiring from the Senate. His leaving will be much felt, and it seems

appropriate that this important and good bill to protect the safety of our energy pipelines go forward. And so I want to make it clear to the Senate tonight I do not think the Senate should withhold a vote on the pipeline safety bill any further as the negotiations go forward with respect to the gag clause in health maintenance organizations that is so often found in plans around this country.

If I might, I wish to take a few minutes to explain why this issue is so important in American health care. Most people say to themselves, what is a gag clause? What does this have to do with me? Why is it so important that it has generated all this attention in the Senate?

A gag clause is something that really keeps the patients in our country from full and complete information about the medical condition and the treatments that are available to them. I think it is fair to say—I know the Senator from Utah, Mr. BENNETT, has done a lot of work in the health care field—reasonable people have differences of opinion with respect to the health care issue. People can differ about the role of the Federal Government; they can differ about the role of the private sector, but it seems to me absolutely indisputable that patients ought to have access to all the information—not half of it, not three-quarters, but all the information—with respect to their medical condition.

What is happening around the country is some managed care plans—this is not all of them. There is good managed care in this country. My part of the Nation pioneered managed care. Too often managed care plans, the scofflaws in the managed care field are cutting corners, and so what they do either in writing or through a pattern of oral communication, these managed care plans tell their doctors, "Don't fill those patients in on all the information about their medical condition." Or they say, "There are some treatments that may be expensive and we think you shouldn't be telling everybody about them." Or maybe they say, "We're watching the referrals that you're making and if you make a lot of referrals outside the health maintenance organization to other physicians, other providers, we're going to watch that. If you make too many of them, we're going to consider getting some other people to deliver our health services."

So these are gag clauses in the literal sense. They get in the way of the doctor-patient relationship and either in writing in the contract established by the health maintenance organization or orally through a pattern of communications between the health maintenance plan and the physician, the doctor is told in very blunt, straightforward terms, "Look, you're not supposed to tell those patients all the facts about their medical condition or all the treatments that might be available to them." I think these restrictions on access to patient information